

VZCZCXRO2416  
OO RUEHBC RUEHDE RUEHIHL RUEHKUK  
DE RUEHGB #0622 0511934  
ZNY CCCCC ZZH  
O 201934Z FEB 07  
FM AMEMBASSY BAGHDAD  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9787  
INFO RUCNRAQ/IRAQ COLLECTIVE PRIORITY

C O N F I D E N T I A L BAGHDAD 000622

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E.O. 12958: DECL: 02/19/2017  
TAGS: [ENRG](#) [EPET](#) [IZ](#) [PREL](#)  
SUBJECT: POLITICAL AGREEMENT REACHED ON HYDROCARBON LAW )  
CABINET APPROVAL EXPECTED MARCH 21

Classified By: AMBASSADOR ZALMAY KHALILZAD, E.O. 12958 REASONS 1.5 (B)  
(D)

1) Ambassador continued his series of consultations with key Kurdish leaders - former DPM Rowsh Shuways and DPM Barham Salih - followed by a meeting with PM Maliki and Oil Minister Shahrastani, resulting in agreement on the cover letter for the hydrocarbon framework law and setting the stage for the long-awaited cabinet action on the law. A special Council of Ministers meeting is planned for 15:00 on March 21 to officially approve the draft law. The key to resolving the impasse was reached when, at the Ambassador's suggestion, Rowsh received agreement from KRG Prime Minister Nechirvan Barzani that he would send a letter to Prime Minister Maliki, giving the PM a list of the four contracts the KRG has signed for exploration and development of its oil and gas since the adoption of the constitution in 2005. Barzani will also make clear in his letter that the Kurds will not press their demand for a re-balance of cabinet level positions in conjunction with the hydrocarbon law. The text of Barzani's letter was agreed to by both Oil Minister Shahrastani and the Prime Minister.

2) The cover letter provides that the hydrocarbon framework law, including four annexes listing various categories of fields and exploration blocks, along with the associated revenue management law, will be submitted to the Council of Representatives by March 15. The letter also contains a statement of intent that the entire package of hydrocarbon laws and their implementation are to be wrapped up by the end of May. With the KRG agreement to this approach, and Shahrastani's concurrence, the way is clear for tomorrow's cabinet approval.  
KHALILZAD